

**VILLAGE OF DUNLAP, ILLINOIS**

**Annual Financial Report  
And Supplementary Data  
For The Year Ended April 30, 2013  
(With Independent Auditors' Report Thereon)**

VILLAGE OF DUNLAP, ILLINOIS

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CERTIFIED PUBLIC ACCOUNTANTS & CONSULTANTS

## INDEPENDENT AUDITORS' REPORT

To the Village President and Board of Trustees  
Village of Dunlap, Illinois

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities and each major of the Village of Dunlap, Illinois, as of and for the year ended April 30, 2013, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### **Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund of the Village of Dunlap, Illinois, as of April 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with the modified cash basis of accounting described in Note 1.

## **Basis of Accounting**

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

## **Other Matters**

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis on pages 3 - 6, and the required supplementary information on pages 28 – 30 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operation, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying supplementary information, as listed in the table of contents, is presented for purposes of additional analysis and is not a required part of the basic financial statements.

The supplementary information, as listed in the table of contents, is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

*Gordon, Stockman & Waugh, P.C.*

Peoria, Illinois  
October 4, 2013

**Village of Dunlap  
Management's Discussion and Analysis  
For the Year Ended April 30, 2013**

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Our discussion and analysis of the Village's financial performance provides an overview of the Village's financial activities for the fiscal year ended April 30, 2013. Please read it in conjunction with the Village's financial statements, which begin on page 7.

**Financial Highlights**

The assets of the Village exceeded its liabilities at the close of the most recent fiscal year by \$3,982,796 (net position). Of this amount, \$2,831,490 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors in accordance with the Village's fund designation and fiscal policies.

The Village's total net position increased by \$86,636 during the fiscal year ended April 30, 2013.

At the close of the current fiscal year, the Village's governmental activities reported combined ending net position of \$1,533,476 of which \$884,253 is unrestricted.

At the end of the current fiscal year, the Village did not have any bonded debt outstanding.

**Overview of Financial Statements**

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

As explained in Note 1, these financial statements have been prepared on the modified cash basis of accounting. Under that basis, revenue is recognized when received rather than when earned and expenses are recognized when paid rather than when the obligation is incurred. However, fixed assets have been capitalized and depreciation has been recorded in the government-wide financial statements and in the fund level proprietary financial statements.

**Government-wide Financial Statements** - The government-wide financial statements are designed to provide readers with a broad overview of the Village's finances.

The Statement of net position presents information on all the Village's assets and liabilities on a modified cash basis, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the Village is improving or deteriorating. The statement of activities presents information showing how the Village's net position changed during the fiscal year.

Both of the government-wide financial statements distinguish between functions of the Village that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Village include general government and administration, public safety and culture and recreation. The business-type activities include water and sewer operations. The government-wide financial statements can be found on pages 7 and 8 of this report.

**Fund Financial Statements** - A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be divided into two categories, governmental funds and proprietary funds.

**Village of Dunlap  
Management's Discussion and Analysis  
For the Year Ended April 30, 2013**

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**Governmental Funds** - Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds focus on current sources and uses of spendable sources, as well as on balances of spendable resources available at the end of the fiscal year. The Village maintains two governmental funds, the General Fund and the Motor Fuel Tax Fund. Information is presented separately in the governmental funds statements for the each of these funds. The governmental fund financial statements can be found on pages 9 - 11.

**Proprietary Funds** - The Village has one type of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The Village uses enterprise funds to account for the Water and Sewer Funds. The proprietary fund financial statements can be found on pages 12 - 15.

**Notes to the Financial Statements** - The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 16 - 27.

**Governmental-Wide Financial Analysis**

As noted earlier, net position may serve over time as a useful indicator of the government's financial position. In the case of the Village, assets exceed liabilities by \$3,982,796 as of April 30, 2013.

A significant portion of the Village's net position (29%) reflects its investments in capital assets (e.g. land, buildings and improvements, and equipment). The Village uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending.

**Village of Dunlap's Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Current and other assets	\$ 884,253	\$ 886,489	\$ 1,947,237	\$ 1,844,003	\$ 2,831,490	\$ 2,730,492
Capital assets	649,223	650,077	502,083	515,591	1,151,306	1,165,668
Total assets	<u>1,533,476</u>	<u>1,536,566</u>	<u>2,449,320</u>	<u>2,359,594</u>	<u>3,982,796</u>	<u>3,896,160</u>
Liabilities	-	-	-	-	-	-
Net Position:						
Invested in capital assets	649,223	650,077	502,083	515,591	1,151,306	1,165,668
Unrestricted	884,253	886,489	1,947,237	1,844,003	2,831,490	2,730,492
Total net position	<u>\$ 1,533,476</u>	<u>\$ 1,536,566</u>	<u>\$ 2,449,320</u>	<u>\$ 2,359,594</u>	<u>\$ 3,982,796</u>	<u>\$ 3,896,160</u>

As of April 30, 2013 and 2012, the Village had positive balances in all categories of net position.

**Village of Dunlap  
Management's Discussion and Analysis  
For the Year Ended April 30, 2013**

**Analysis of the Village's Operations** - Overall the Village had an increase in net position of \$86,636, and an increase in cash and investments of \$112,610.

**Governmental Activities:** Governmental activities net position decreased by \$3,090. Total revenues for governmental activities increased from the previous year by \$59,782 primarily as a result of an increase in state income tax and sales tax revenue.

**Business-type Activities:** Net position from business-type activities increased by \$89,726. Water and sewer revenue increased \$29,945 from the previous year.

**Village of Dunlap's Change in Net Position**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Revenues:						
Program revenues:						
Fees, fines and charges for services	\$ 2,400	\$ 2,450	\$ 409,952	\$ 375,664	\$ 412,352	\$ 378,114
General revenues:						
Ad valorem taxes	77,365	75,181	-	-	77,365	75,181
Franchise fees	18,150	17,968	-	-	18,150	17,968
State income taxes	146,072	97,384	-	-	146,072	97,384
Sales tax	111,420	102,676	-	-	111,420	102,676
Use tax	22,077	20,296	-	-	22,077	20,296
Personal property tax	1,316	1,406	-	-	1,316	1,406
Motor fuel tax	39,048	39,736	-	-	39,048	39,736
Interest	3,819	10,244	12,045	16,838	15,864	27,082
Miscellaneous	5,544	88	500	50	6,044	138
Total revenues	<u>427,211</u>	<u>367,429</u>	<u>422,497</u>	<u>392,552</u>	<u>849,708</u>	<u>759,981</u>
Expenses:						
General government and administration	215,881	231,071	-	-	215,881	231,071
Public safety	17,914	17,914	-	-	17,914	17,914
Public works and transportation	196,506	281,267	-	-	196,506	281,267
Water and sewer	-	-	332,771	297,226	332,771	297,226
Total expenses	<u>430,301</u>	<u>530,252</u>	<u>332,771</u>	<u>297,226</u>	<u>763,072</u>	<u>827,478</u>
Increase (decrease) in net position	(3,090)	(162,823)	89,726	95,326	86,636	(67,497)
Net position - beginning of year	<u>1,536,566</u>	<u>1,699,389</u>	<u>2,359,594</u>	<u>2,264,268</u>	<u>3,896,160</u>	<u>3,963,657</u>
Net position - end of year	<u>\$ 1,533,476</u>	<u>\$ 1,536,566</u>	<u>\$ 2,449,320</u>	<u>\$ 2,359,594</u>	<u>\$ 3,982,796</u>	<u>\$ 3,896,160</u>

**Financial Analysis of the Government's Funds**

**Governmental funds** - The focus of the Village's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. In particular, unrestricted fund balances may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

At the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$884,253.

**Village of Dunlap  
Management's Discussion and Analysis  
For the Year Ended April 30, 2013**

**Proprietary funds** - The Village's proprietary fund statements provide the same type of information found in the government-wide financial statements, only in more detail. Total net position of the respective proprietary funds are Water \$713,494 and Sewer \$1,735,826. Total net position increased in 2013 as follows: Water \$5,734 and Sewer \$83,992.

**Capital Assets**

The Village of Dunlap's investment in capital assets for its governmental and business-type activities as of April 30, 2013, amounts to \$1,151,306 (net of accumulated depreciation). This investment in capital assets includes land, buildings and improvements and equipment.

**Capital Assets at Year-End  
Net of Accumulated Depreciation**

	<u>Governmental Activities</u>		<u>Business-type Activities</u>		<u>Total</u>	
	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>	<u>2013</u>	<u>2012</u>
Land	\$ 125,640	\$ 125,640	\$ 3,183	\$ 3,183	\$ 128,823	\$ 128,823
Construction in progress	-	-	17,698	-	17,698	-
Buildings and improvements	220,157	231,133	-	-	220,157	231,133
Northpark	85,748	87,293	-	-	85,748	87,293
Equipment	217,678	206,011	39,990	46,340	257,668	252,351
Water and sewer distribution systems	-	-	441,212	466,068	441,212	466,068
	<u>\$ 649,223</u>	<u>\$ 650,077</u>	<u>\$ 502,083</u>	<u>\$ 515,591</u>	<u>\$ 1,151,306</u>	<u>\$ 1,165,668</u>

Additional information on the Village's capital assets can be found in note 5 on pages 21 and 22 of this report.

**Budget**

For the year ended April 30, 2013, the Village's actual expenditures for the general fund were less than the amounts budgeted. A comparison of budget to actual can be found on page 29 of this report.

**VILLAGE OF DUNLAP, ILLINOIS**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**April 30, 2013**

	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Totals</u>
<b>Assets</b>			
Cash and cash equivalents	\$ 146,821	\$ 483,261	\$ 630,082
Investments	708,357	1,433,974	2,142,331
Other receivable	983	58,094	59,077
Internal balances	28,092	(28,092)	-
Capital assets (net of accumulated depreciation)	<u>649,223</u>	<u>502,083</u>	<u>1,151,306</u>
<b>Total assets</b>	<u>\$ 1,533,476</u>	<u>\$ 2,449,320</u>	<u>\$ 3,982,796</u>
<b>Net Position</b>			
Investment in capital assets	\$ 649,223	\$ 502,083	\$ 1,151,306
Unrestricted	<u>884,253</u>	<u>1,947,237</u>	<u>2,831,490</u>
<b>Total net position</b>	<u>1,533,476</u>	<u>2,449,320</u>	<u>3,982,796</u>
<b>Total liabilities and net position</b>	<u>\$ 1,533,476</u>	<u>\$ 2,449,320</u>	<u>\$ 3,982,796</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF DUNLAP, ILLINOIS**  
**STATEMENT OF ACTIVITIES - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED APRIL 30, 2013**

Functions/Programs	Program Revenues		Net (Expense) Revenue and Changes in Net Position		
	Expenses	Charges for Services	Governmental Activities	Business-type Activities	Total
<b>Governmental activities:</b>					
General government	\$ 215,881	\$ 2,400	\$ (213,481)	\$ -	\$ (213,481)
Public safety	17,914	-	(17,914)	-	(17,914)
Public works and transportation	196,506	-	(196,506)	-	(196,506)
Total governmental activities	430,301	2,400	(427,901)	-	(427,901)
<b>Business-type activities:</b>					
Waterworks Fund	240,401	241,242	-	841	841
Sewerage Fund	92,370	168,710	-	76,340	76,340
Total business-type activities	332,771	409,952	-	77,181	77,181
<b>Total</b>	\$ 763,072	\$ 412,352	(427,901)	77,181	(350,720)
<b>General revenues:</b>					
Local taxes and revenue			95,515	-	95,515
State income taxes			146,072	-	146,072
Sales tax			111,420	-	111,420
Use tax			22,077	-	22,077
Personal property tax			1,316	-	1,316
Motor fuel tax			39,048	-	39,048
Miscellaneous			5,544	500	6,044
Investment earnings			3,819	12,045	15,864
Total general revenues			424,811	12,545	437,356
Change in net position			(3,090)	89,726	86,636
Net position - beginning			1,536,566	2,359,594	3,896,160
Net position - ending			\$ 1,533,476	\$ 2,449,320	\$ 3,982,796

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF DUNLAP, ILLINOIS**  
**GOVERNMENTAL FUNDS**  
**BALANCE SHEET - MODIFIED CASH BASIS**  
**April 30, 2013**

	General	Special Revenue Motor Fuel Tax	Total Governmental Funds
<b>Assets</b>			
Cash and cash equivalents	\$ 146,821	\$ -	\$ 146,821
Investments	505,744	202,613	708,357
Receivable	983	-	983
Due from other funds	28,092	-	28,092
<b>Total assets</b>	<b><u>\$ 681,640</u></b>	<b><u>\$ 202,613</u></b>	<b><u>\$ 884,253</u></b>
<b>Fund balances:</b>			
Restricted	\$ -	\$ 202,613	\$ 202,613
Unassigned	681,640	-	681,640
<b>Total fund balance</b>	<b><u>681,640</u></b>	<b><u>202,613</u></b>	<b><u>884,253</u></b>
<b>Total fund balance</b>	<b><u>\$ 681,640</u></b>	<b><u>\$ 202,613</u></b>	

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.

649,223

Net position of governmental activities

\$ 1,533,476

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF DUNLAP, ILLINOIS**  
**GOVERNMENTAL FUNDS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED APRIL 30, 2013**

	Special Revenue		Total Governmental Funds
	General	Motor Fuel Tax	
<b>Revenues</b>			
Local taxes	\$ 77,365	\$ -	\$ 77,365
State income taxes	146,072	-	146,072
Sales tax	111,420	-	111,420
Use tax	22,077	-	22,077
Personal property tax	1,316	-	1,316
Motor fuel tax	-	39,048	39,048
Licenses and permits	2,400	-	2,400
Franchise fees	18,150	-	18,150
Interest	3,489	330	3,819
Miscellaneous	5,544	-	5,544
<b>Total revenues</b>	<u>387,833</u>	<u>39,378</u>	<u>427,211</u>
<b>Expenditures</b>			
Current			
General government	203,198	-	203,198
Public safety	17,914	-	17,914
Public works and transportation	74,223	73,628	147,851
Capital outlay	60,484	-	60,484
<b>Total expenditures</b>	<u>355,819</u>	<u>73,628</u>	<u>429,447</u>
Deficiency of revenues over expenditures	32,014	(34,250)	(2,236)
Net change in fund balance	32,014	(34,250)	(2,236)
Prior year fund balance	<u>649,626</u>	<u>236,863</u>	<u>886,489</u>
<b>Current year ending fund balance</b>	<u>\$ 681,640</u>	<u>\$ 202,613</u>	<u>\$ 884,253</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF DUNLAP, ILLINOIS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES**  
**FOR THE YEAR ENDED APRIL 30, 2013**

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Net change in fund balance of Governmental Funds \$ (2,236)

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the costs of those assets are allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays in the current period net of trade-ins.

(854)

Change in net position of governmental activities

\$ (3,090)

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF DUNLAP, ILLINOIS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF NET POSITION - MODIFIED CASH BASIS**  
**April 30, 2013**

	Business-type Activities - Enterprise Funds		
	Waterworks	Sewerage	Totals
	Fund	Fund	
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents	\$ 140,422	\$ 342,839	\$ 483,261
Investments	379,273	1,054,701	1,433,974
Other receivable	11,619	-	11,619
<b>Total current assets</b>	<u>531,314</u>	<u>1,397,540</u>	<u>1,928,854</u>
Other receivable, net of current portion	<u>46,475</u>	<u>-</u>	<u>46,475</u>
<b>Capital assets</b>			
Cost	560,655	1,003,559	1,564,214
Accumulated depreciation	(410,119)	(652,012)	(1,062,131)
	<u>150,536</u>	<u>351,547</u>	<u>502,083</u>
<b>Total assets</b>	<u>\$ 728,325</u>	<u>\$ 1,749,087</u>	<u>\$ 2,477,412</u>
<b>Liabilities and Net Position</b>			
<b>Current liabilities</b>			
Due to other funds	\$ 14,831	\$ 13,261	\$ 28,092
<b>Total current liabilities</b>	<u>14,831</u>	<u>13,261</u>	<u>28,092</u>
<b>Net Position</b>			
Investment in capital assets	150,536	351,547	502,083
Unrestricted	562,958	1,384,279	1,947,237
<b>Total net position</b>	<u>713,494</u>	<u>1,735,826</u>	<u>2,449,320</u>
<b>Total liabilities and net position</b>	<u>\$ 728,325</u>	<u>\$ 1,749,087</u>	<u>\$ 2,477,412</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF DUNLAP, ILLINOIS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED APRIL 30, 2013**

	Business-type Activities - Enterprise Funds		
	Waterworks	Sewerage	Totals
	Fund	Fund	
Operating revenues			
Charges for services	\$ 241,242	\$ 168,710	\$ 409,952
Miscellaneous	500	-	500
Total operating revenues	<u>241,742</u>	<u>168,710</u>	<u>410,452</u>
Operating expenses			
Personal services	40,505	40,352	80,857
Employee benefits	4,729	4,304	9,033
Contractual services	176,087	24,589	200,676
Commodities	8,052	2,061	10,113
Other	(19)	905	886
Depreciation	11,047	20,159	31,206
Total operating expenses	<u>240,401</u>	<u>92,370</u>	<u>332,771</u>
Operating income	1,341	76,340	77,681
Nonoperating revenues			
Interest income	4,393	7,652	12,045
Total nonoperating revenues	<u>4,393</u>	<u>7,652</u>	<u>12,045</u>
Increase in net position	5,734	83,992	89,726
Net position at beginning of year	<u>707,760</u>	<u>1,651,834</u>	<u>2,359,594</u>
Net position at end of year	<u>\$ 713,494</u>	<u>\$ 1,735,826</u>	<u>\$ 2,449,320</u>

The accompanying notes are an integral part of these financial statements.

VILLAGE OF DUNLAP, ILLINOIS  
 PROPRIETARY FUNDS  
 STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS  
 FOR THE YEAR ENDED APRIL 30, 2013

	Business-type Activities - Enterprise Funds		
	Waterworks	Sewerage	Totals
	Fund	Fund	
<b>Cash flows from operating activities</b>			
Receipts from customers	\$ 241,742	\$ 168,710	\$ 410,452
Receipts from accounts receivable	11,619	-	11,619
Payments to suppliers	(184,120)	(27,555)	(211,675)
Payments to employees	(45,234)	(44,656)	(89,890)
Net cash provided by operating activities	<u>24,007</u>	<u>96,499</u>	<u>120,506</u>
<b>Cash flows from capital and related financing activities:</b>			
Purchase of capital assets	(17,698)	-	(17,698)
Proceeds from (payments to) governmental funds	-	(1,167)	(1,167)
Net cash provided by capital and related financing activities	<u>(17,698)</u>	<u>(1,167)</u>	<u>(18,865)</u>
<b>Cash flows from investing activities</b>			
Purchase of investments	(33,619)	-	(33,619)
Interest received	4,393	7,652	12,045
Net cash (used for) investing activities	<u>(29,226)</u>	<u>7,652</u>	<u>(21,574)</u>
Net change in cash and cash equivalents	(22,917)	102,984	80,067
<b>Cash and cash equivalents</b>			
Beginning of year	<u>163,339</u>	<u>239,855</u>	<u>403,194</u>
End of year	<u>\$ 140,422</u>	<u>\$ 342,839</u>	<u>\$ 483,261</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF DUNLAP, ILLINOIS**  
**PROPRIETARY FUNDS**  
**STATEMENT OF CASH FLOWS - MODIFIED CASH BASIS**  
**FOR THE YEAR ENDED APRIL 30, 2013**

	Business-type Activities - Enterprise Funds		
	Waterworks	Sewerage	Totals
	Fund	Fund	
Cash flows from operating activities			
Operating income	\$ 1,341	\$ 76,340	\$ 77,681
Adjustments to reconcile operating income to net cash provided by operating activities			
Depreciation	11,047	20,159	31,206
Change in assets and liabilities			
Receivables	11,619	-	11,619
Total adjustment	<u>22,666</u>	<u>20,159</u>	<u>42,825</u>
Net cash provided by operating activities	<u>\$ 24,007</u>	<u>\$ 96,499</u>	<u>\$ 120,506</u>

The accompanying notes are an integral part of these financial statements.

**VILLAGE OF DUNLAP, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2013**

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**Note 1. Summary of Significant Accounting Policies**

The financial statements of the Village of Dunlap, Illinois (the "Village") have been prepared on the modified cash basis of accounting. Consequently, revenue is recognized when received rather than when susceptible to accrual or earned, and expenses are recognized when checks or cash are disbursed rather than when the obligation is incurred. Only assets representing a right to receive cash arising from a previous payment of cash are recorded as assets of a fund. In the same manner, only liabilities resulting from previous cash transactions are recorded as liabilities of a particular fund.

Consequently, these financial statements omit recognition of taxes receivable, accounts payable and other accrued items. Generally accepted accounting principles require the accounting records to be maintained on the accrual basis which recognizes income when earned and expenses when incurred.

The more significant of the Village's accounting policies are described below.

**A. Reporting Entity**

In accordance with Governmental Accounting Standard Board (GASB) Statement No. 14, *The Financial Reporting Entity*, the accompanying financial statements present the Village's primary government and component units over which the Village exercises significant influence. Significant influence or accountability is based primarily on operational or financial relationships with the Village (as distinct from legal relationship).

Statement No. 14 defines the governmental financial reporting entity as being made up of two parts, the primary government and those component units for which the primary government is financially accountable. A primary government has an elected governing board; a legally separate status (i.e., must have its own name, must be able to sue or be sued and must be able to buy, sell or lease property); and is fiscally independent (i.e., must have final authority to approve or modify its budget, set its own tax rates and issue bonded debt). The primary government is financially accountable if it appoints a voting majority of a component unit's governing body and if it either has the ability to impose its will on the component unit or the financial benefit or burden consideration exists; i.e., there is a potential for the component unit to provide certain financial benefits to, or impose certain financial burdens on, the primary government.

The following entities operate within the Village's boundaries; however, they are financially independent and have separately elected or appointed Boards of Trustees of which the Village exercises no oversight responsibility in management of financial matters.

Dunlap Fire Protection District  
Dunlap Public Library District  
Prospect Cemetery Association

Therefore, the above entities are not considered component units for which the primary government (the Village) is financially accountable. The Village has no component units (by definition) to be reported under its governmental financial reporting entity.

**B. Government-wide and Fund Financial Statements**

Government-wide financial statements: The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the activities of the Village. The effect of interfund activity has been removed from these statements. Governmental activities, which normally are

VILLAGE OF DUNLAP, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2013

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**Note 1. Summary of Significant Accounting Policies (Continued)**

B. Government-wide and Fund Financial Statements (Continued)

supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Fund financial statements: Fund financial statements are provided for governmental and proprietary funds. Major individual governmental and enterprise funds are presented in separate columns.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the cash basis of accounting, as are the governmental and proprietary fund statements. Consequently, revenue and related assets are recognized when received rather than when earned, and expenses are recognized when paid rather than when the obligation is incurred.

The Village reports the following government funds:

The *General Fund* is the general operating fund of the Village. It is used to account for all financial resources except those required to be accounted for in another fund.

The *Special Revenue Funds* are utilized to account for revenues derived from specific sources (other than special assessments, expendable trusts or major capital projects) which are usually required by law or regulation to be accounted for in separate funds.

The Village reports the following proprietary fund type:

The *Enterprise Funds*, which consist of the Waterworks Fund and the Sewerage Fund, are used to account for the operations that are financed and operated in a manner similar to private business enterprises – where the intent of the governing body is that the costs of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges.

In accordance with GASB Statement No. 20, the Village has elected to apply to its Enterprise Fund activity all FASB statements and interpretations issued after November 30, 1989, except for those that conflict with or contradict GASB pronouncements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services or privileges provided, 2) operating grants and contributions and 3) capital grants and contributions.

**VILLAGE OF DUNLAP, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2013**

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**Note 1. Summary of Significant Accounting Policies (Continued)**

**C. Measurement Focus, Basis of Accounting and Financial Statement Presentation (Continued)**

Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on all capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**D. Budgets and Budgetary Accounting**

Budgets for the governmental funds and proprietary funds are prepared on the cash basis and adopted through the annual appropriation ordinance. Expenditures are controlled at the fund level. All appropriations lapse at year-end. The Appropriation Ordinance for the fiscal year ended April 30, 2013, was adopted on June 13, 2012. The Appropriation Ordinance was not amended. The Motor Fuel Tax Fund did not operate under an approved budget during the fiscal year.

The Village follows these procedures in adopting the appropriations ordinance reflected in the financial statements:

1. The Village Treasurer and Village Clerk submit to the Village Board a proposed appropriation ordinance for the fiscal year commencing the following May 1. The appropriation ordinance includes proposed expenditures and the means of financing them and must be adopted prior to July 31 of each year.
2. The tentative appropriation ordinance is made available for public inspection for at least thirty days prior to final action thereon.
3. A notice is published in a newspaper serving the Village stating the time and place the tentative appropriation ordinance can be inspected and also the time and place of the public hearing.
4. Public hearings are conducted to obtain taxpayer comments.
5. The tentative appropriation ordinance is then legally enacted through passage of the ordinance.
6. The Village Board is authorized to transfer between line items within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Board after a public hearing.

**E. Cash and Cash Equivalents**

For purposes of the statement of cash flows, the Village's proprietary funds consider all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

VILLAGE OF DUNLAP, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2013

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**Note 1. Summary of Significant Accounting Policies (Continued)**

F. Investments

Investments are stated at cost, which approximates market.

G. Capital Assets

Capital assets, which include property, plant and equipment, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined as having a useful life greater than one year with an initial, individual cost of \$1,000 or more for all capital assets. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Capital assets are depreciated using the straight-line method over the following estimated useful lives:

<u>Description</u>	<u>Years</u>
Buildings and wells	15 - 40
Pumps and equipment	5 - 10

H. Net Position

Net position represents the difference between assets and liabilities. Net position invested in capital assets consist of capital assets, net of accumulated depreciation, reduced by the outstanding balances on any borrowing used for the acquisition, construction or improvements of those assets. Net position is reported as restricted when there are limitations imposed on their use either through the enabling legislations adopted by the Village or through external restrictions imposed by creditors, grantors or laws or regulations of other governments.

I. Interfund Transactions

Transactions that constitute reimbursements to a fund for expenditures/expense initially made from it that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expense in the fund that is reimbursed. All other interfund transactions, except reimbursements, are reported as transfers.

J. Subsequent Events

The Village has evaluated subsequent events and transactions for potential recognition or disclosure through October 4, 2013, which is the date the financial statements were available to be issued. No items requiring disclosures were present.

VILLAGE OF DUNLAP, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2013

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**Note 2. Reconciliation of Government-wide and Fund Financial Statements**

Explanation of Certain Differences Between the Governmental Fund Statement of Revenues,  
Expenditures and Changes in Fund Equity and the Government-wide Statement of Activities

The government funds statement of revenues, expenditures and changes in fund equity includes a reconciliation between net changes in fund equity – total governmental funds and changes in net position of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that "Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over estimated useful lives and reported as depreciation expense."

The details of this \$854 difference are as follows:

Capital outlay net of trade-in	\$ 60,484
Depreciation expense	<u>(61,338)</u>
Net adjustment to decrease net change in fund balances - total governmental funds to arrive at change in net position of governmental activities	<u>\$ (854)</u>

**Note 3. Deposits and Investments**

The Village maintains cash and investment accounts for each fund. Investment balances represent certificates of deposit with financial institutions and deposits in Illinois Funds. The Village is authorized by state statute and its own local ordinances to invest in obligations of the United States Treasury, agencies, instrumentalities, savings accounts and certificates of deposit. The following details the Village's cash and investments as of April 30, 2013:

Illinois Funds	\$ 22,799
Demand Deposits, Certificates of Deposit, and Money Market Funds	<u>2,749,614</u>
Total cash and investments	<u>\$ 2,772,413</u>

The State Treasurer maintains the Illinois Funds Money Market at cost and fair value through daily adjustment in the interest earnings. The State Treasurer also maintains the average duration of the pool at less than 25 days. The fair value of the Village's investment in the funds is the same as the value of the pool shares. The Pool is audited annually by an outside independent auditor and copies of the report are distributed to participants. The Pool maintains a Standard and Poor's AAA rating. The Village's investments in the Illinois Funds are not required to be categorized because these are not securities. The relationship between the Village and the investment agent is a direct contractual relationship, and the investments are not supported by a transferable instrument that evidences ownership or creditorship.

**A. Custodial Credit Risk – Deposits**

Custodial credit risk is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The government does not have a deposit policy for custodial credit risk. As of April 30, 2013, \$48,320 of the Village's bank deposits were uninsured or uncollateralized.

**VILLAGE OF DUNLAP, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2013**

**Note 3. Deposits and Investments (continued)**

**B. Concentration of Credit Risk**

Concentration of credit risk is the risk of loss attributed to the magnitude of the Village's investment in a single issuer.

**Note 4. Other Receivable**

On October 22, 1979, the Village entered into an agreement with Peoria Water Company NKA Illinois-American Water Company. This contract allowed the Village to purchase water from Peoria Water Company on behalf of the Village's customers. As a condition to this water purchase contract, the Village was required to pay a connection fee to Peoria Water Company. Upon the completion of the connecting line and within one year of the Farmers Home Administration loan closing, Peoria Water Company agreed to repay to the Village of Dunlap "in cash and without interest, the full amount of the final and actual connection fee, in thirty-nine equal annual installments."

On November 10, 1982, this water purchase contract was amended to read "said final connection fee of Four Hundred Forty-one Thousand Five Hundred Eight and 13/100 Dollars (\$441,508.13) is to be repaid by Seller To Purchaser without interest in Thirty-eight (38) equal annual installments of Eleven Thousand Six Hundred Eighteen and 64/100 Dollars (\$11,618.64) beginning April 1, 1981."

As of April 30, 2013, five payments remain to be paid to the Village. These payments total \$58,094.

**Note 5. Capital Assets**

Capital asset activity for the year ended April 30, 2013, was as follows:

**A. Governmental Activities:**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 125,640	\$ -	\$ -	\$ 125,640
Capital assets, being depreciated				
Buildings and improvements	377,464	-	-	377,464
Northpark	133,692	7,800	-	141,492
Capital equipment	455,947	52,684	13,915	494,716
Total capital assets being depreciated	967,103	60,484	13,915	1,013,672
Less accumulated depreciation for				
Buildings and improvements	146,331	10,976	-	157,307
Northpark	46,399	9,345	-	55,744
Capital equipment	249,936	41,017	13,915	277,038
Total accumulated depreciation	442,666	61,338	13,915	490,089
Total capital assets being depreciated, net	524,437	(854)	-	523,583
Governmental activities capital assets, net	\$ 650,077	\$ (854)	\$ -	\$ 649,223

**VILLAGE OF DUNLAP, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2013**

**Note 5. Capital Assets (Continued)**

**B. Business-type Activities:**

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, not being depreciated				
Land	\$ 3,183	\$ -	\$ -	\$ 3,183
Construction in progress	-	17,698	-	17,698
Total capital assets not being depreciated	3,183	17,698	-	20,881
Capital assets, being depreciated				
Distribution System	1,405,739	-	-	1,405,739
Capital equipment	137,594	-	-	137,594
Total capital assets being depreciated	1,543,333	-	-	1,543,333
Less accumulated depreciation for				
Distribution System	939,671	24,856	-	964,527
Capital equipment	91,254	6,350	-	97,604
Total accumulated depreciation	1,030,925	31,206	-	1,062,131
Total capital assets being depreciated, net	512,408	(31,206)	-	481,202
Business-type activities capital assets, net	\$ 515,591	\$ (13,508)	\$ -	\$ 502,083

**C. Depreciation Expense**

Depreciation expense was charged to functions/programs of the primary government as follows:

Governmental activities:	
General government	\$ 12,683
Public works and transportation	48,655
Total depreciation expense - governmental activities	\$ 61,338
Business-type activities:	
Waterworks Fund	\$ 11,047
Sewerage Fund	20,159
Total depreciation expense - business-type activities	\$ 31,206

**VILLAGE OF DUNLAP, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2013**

**Note 6. Property Taxes**

The Village's property taxes are levied each calendar year on all taxable real property located in the Village. Property taxes attach as an enforceable lien on property as of January 1 of the levy year. The total amount of the levy was \$65,841. The levy was adopted on November 14, 2012. The Village reports on the modified cash basis of accounting; therefore, there has been no tax receivable calculation recognized on these financial statements. Installment due dates for collection of property taxes are June 1, 2013, and September 1, 2013. The Village receives the bulk of its property taxes from Peoria County during the months of June, July and September.

The following are the tax rates applicable to the various levies per \$100 of assessed valuation:

	Maximum Percent 2012 Levy	Rate per \$100	Extension
General corporate	0.3300	0.0914	\$ 30,413
Police protection	0.0750	0.0328	10,901
Audit	As needed	0.0134	4,450
IMRF	As needed	0.0240	8,002
Social security	As needed	0.0147	4,903
Workmen's compensation	As needed	0.0210	7,000
Unemployment insurance	As needed	0.0006	183
Totals		0.1978	\$ 65,852

**Note 7. Retirement Commitments**

Plan description - The Village of Dunlap's defined benefit pension plan for Regular employees provides retirement and disability benefits, post retirement increases, and death benefits to plan members and beneficiaries. The Village's plan is affiliated with the Illinois Municipal Retirement Fund (IMRF), an agent multiple-employer plan. Benefit provisions are established by statute and may only be changed by the General Assembly of the State of Illinois. IMRF issues a publicly available financial report that includes financial statements and required supplementary information. That report may be obtained on-line at [www.imrf.org](http://www.imrf.org).

Funding policy - As set by statute, the Village's Regular plan members are required to contribute 4.50 percent of their annual covered salary. The statutes require employers to contribute the amount necessary, in addition to member contributions, to finance the retirement coverage of its own employees. The employer contribution rate for calendar year 2012 was 12.93 percent. The Village also contributes for disability benefits, death benefits and supplemental retirement benefits, all of which are pooled at the IMRF level. Contribution rates for disability and death benefits are set by the IMRF Board of Trustees, while the supplemental retirement benefits rate is set by statute.

Annual pension cost - The required contribution for calendar year 2012 was \$15,189.

**VILLAGE OF DUNLAP, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2013**

**Note 7. Retirement Commitments (Continued)**

Three-year trend information for the Regular Plan is as follows:

Fiscal Year <u>Ending</u>	Annual Pension <u>Cost (APC)</u>	Percentage of APC <u>Contributed</u>	Net Pension <u>Obligation</u>
12/31/12	\$ 15,189	100%	\$ -
12/31/11	14,349	100%	-
12/31/10	13,165	99%	-

The required contribution for 2012 was determined as part of the December 31, 2010, actuarial valuation using the entry age normal actuarial cost method. The actuarial assumptions at December 31, 2010, included (a) 7.5 percent investment rate of return (net of administrative and direct investment expenses), (b) projected salary increases of 4.00 percent a year, attributable to inflation, (c) additional projected salary increases ranging from 0.4% to 10% per year depending on age and service, attributable to seniority/merit, and (d) postretirement benefit increases of 3% annually. The actuarial value the Village's Regular plan assets was determined using techniques that spread the effects of short-term volatility in the market value of investments over a five-year period with a 20% corridor between the actuarial and market value of assets. The Village Regular plan's unfunded actuarial accrued liability at December 31, 2010 is being amortized as a level percentage of projected payroll on an open 30 year basis.

Funded status and funding progress – As of December 31, 2012, the most recent actuarial valuation date, the Regular Plan was 66.28 percent funded. The actuarial accrued liability for benefits was \$347,843 and the actuarial value of assets was \$230,550, resulting in an underfunded actuarial accrued liability (UAAL) of \$117,293. The covered payroll for calendar year 2012 (annual payroll of active employees covered by the plan) was \$117,469 and the ratio of the UAAL to the covered payroll was 100 percent.

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of Plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**Note 8. Interfund Receivable and Payable Balances**

Interfund receivable and payable balances as of April 30, 2013, are detailed in the following table:

	Due From	Due To
<b>General:</b>		
Due from Waterworks Fund	\$ 14,831	\$ -
Due from Sewerage Fund	13,261	-
<b>Proprietary:</b>		
Waterworks due to General Fund	-	14,831
Sewerage due to General Fund	-	13,261
	<b>\$ 28,092</b>	<b>\$ 28,092</b>

The primary purpose of these interfund receivables and payables is for cash flow needs.

**VILLAGE OF DUNLAP, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2013**

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**Note 9. Restricted Balances – Special Tax Levies**

The Village Board levies, on an annual basis, for special taxes. These specific levies are collected and deposited into the General Fund even though they are restricted for specific purposes. The following monies were collected and lawfully disbursed during the fiscal year.

Restricted balances are as follows:

	Restricted Fund Balance May 1, 2012		Receipts	Disbursements		Restricted Fund Balance April 30, 2013
Special Tax Levies:						
Police protection	\$	-	\$ 10,848	\$	10,848	\$ -
Audit		-	4,429		4,429	-
IMRF		-	7,962		7,962	-
Social security		-	4,878		4,878	-
Worker's compensation and liability insurance		-	6,968		6,968	-
Unemployment insurance		-	179		179	-
Subtotal	\$	-	\$ 35,264	\$	35,264	\$ -

**Note 10. Intergovernmental Agreements**

The Village contracts its police services with the County of Peoria. Under the agreement, the Village paid \$17,914 for police services.

The Village also contracts its animal impoundment service with the City of Peoria. No fee was paid for this service during the current fiscal year.

**Note 11. Risk of Loss**

The Village is exposed to various risks of loss related to torts, theft of, damages to, and destruction of assets; injuries to employees; and natural disasters. The Village purchases commercial insurance for these risks of loss. There have been no significant reductions in insurance coverage. Settlement amounts have not exceeded insurance coverage for the current year or the three prior years.

**Note 12. Deficit Fund Balance**

As of April 30, 2013, no individual fund had a deficit fund balance.

VILLAGE OF DUNLAP, ILLINOIS  
NOTES TO THE FINANCIAL STATEMENTS  
APRIL 30, 2013

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**Note 13. Fund Balance Reporting**

According to Government Accounting Standards, fund balances are to be classified into five major classifications; Nonspendable Fund Balance, Restricted Fund Balance, Committed Fund Balance, Assigned Fund Balance, and Unassigned Fund Balance. Fund balances of the Governmental Funds are classified as follows:

A. Nonspendable Fund Balance

The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example inventories and prepaid amounts. Due to the cash basis nature of the Village all such items are expensed at the time of purchase, so there is nothing to report for this classification. All other fund balances are spendable.

B. Restricted Fund Balance

The restricted fund balance classification refers to amounts that are subject to outside restrictions, not controlled by the entity. Things such as restrictions imposed by creditors, grantors, contributors, or laws and regulations of other governments, or imposed by law through constitutional provisions or enabling legislation. Special Revenue Funds are by definition restricted for those specified purposes. The Motor Fuel Tax Fund is the Village's only special revenue fund.

C. Committed Fund Balance

The committed fund balance classification refers to amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the government's highest level of decision making authority (the Village Board). Those committed amounts cannot be used for any other purpose unless the government removes or changes the specified use by taking the same type of formal action it employed to previously commit those amounts. The Village Board has not committed any Fund Balances by Board action.

D. Assigned Fund Balance

The assigned fund balance classification refers to amounts that are constrained by the government's intent to be used for a specific purpose, but are neither restricted nor committed. Assignments may be made only by the governing board or official.

No amounts of Fund Balance have been assigned by the Village's administration to be used for a specific purpose.

E. Unassigned Fund Balance

This classification represents the residual positive balance within the General Fund, which has not been restricted, committed or assigned. In funds other than the General Fund, unassigned fund balances are limited to negative residual balances.

The Village uses restricted amounts first when both restricted and unrestricted fund balances are available.

**VILLAGE OF DUNLAP, ILLINOIS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**APRIL 30, 2013**

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**Note 13. Fund Balance Reporting (continued)**

As of April 30, 2013, the Village's governmental fund balances were classified as follows:

Fund	Nonspendable	Restricted	Committed	Assigned	Unassigned
General Fund	\$ -	\$ -	\$ -	\$ -	\$ 681,640
Motor Fuel Tax	-	202,613	-	-	-
<b>Total</b>	<b>\$ -</b>	<b>\$ 202,613</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 681,640</b>

**Note 14. Legal Debt Margin**

Total 2012 assessed valuation	<u>\$ 33,285,728</u>
Statutory debt limitation (8.625%)	<u>\$ 2,870,894</u>
Outstanding long-term debt	<u>-</u>
Legal debt margin	<u>\$ 2,870,894</u>

**VILLAGE OF DUNLAP, ILLINOIS  
REQUIRED SUPPLEMENTARY INFORMATION  
ILLINOIS MUNICIPAL RETIREMENT FUND  
SCHEDULE OF FUNDING PROGRESS  
FOR THE YEAR ENDED APRIL 30, 2013**

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability	Unfunded Actuarial Accrued Liability	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/12	\$ 230,550	\$ 347,843	\$ 117,293	66.28%	\$ 117,469	99.85%
12/31/11	196,886	313,781	116,895	62.75%	108,050	108.19%
12/31/10	174,445	266,404	91,959	65.48%	101,975	90.18%

On a market value basis, the actuarial value of assets as of December 31, 2012, is \$235,855. On a market basis, the funded ratio would be 67.81%.

The actuarial value of assets and accrued liability cover active and inactive members who have service credit with the Village of Dunlap. They do not include amounts for retirees. The actuarial accrued liability for retirees is 100% funded.

**VILLAGE OF DUNLAP, ILLINOIS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE - MODIFIED CASH BASIS**  
**ACTUAL AND BUDGET**  
**GENERAL FUND**  
**FOR THE YEAR ENDED APRIL 30, 2013**

	<u>Actual</u>	<u>Original/Final Budget</u>	<u>Over (Under) Budget</u>
<b>Revenues</b>			
Local taxes	\$ 77,365	\$ 76,000	\$ 1,365
State income taxes	146,072	111,157	34,915
Sales tax	111,420	100,000	11,420
Use tax	22,077	21,899	178
Personal property tax	1,316	1,300	16
Licenses and permits	2,400	2,400	-
Franchise fees	18,150	18,000	150
Interest	3,489	15,000	(11,511)
Miscellaneous	5,544	500	5,044
<b>Total revenues</b>	<u>387,833</u>	<u>346,256</u>	<u>41,577</u>
<b>Expenditures</b>			
<b>General government</b>			
Personal services	24,737	33,200	(8,463)
Employee benefits	6,625	6,550	75
Contractual services	165,347	177,050	(11,703)
Commodities	3,207	2,500	707
Other	3,282	9,900	(6,618)
<b>Total general government</b>	<u>203,198</u>	<u>229,200</u>	<u>(26,002)</u>
Capital outlay	60,484	50,000	10,484
Provision for contingencies	-	5,000	(5,000)
<b>Public safety</b>			
Personal services	17,914	20,000	(2,086)
<b>Total public safety</b>	<u>17,914</u>	<u>20,000</u>	<u>(2,086)</u>
<b>Public works and transportation</b>			
Personal services	46,699	68,000	(21,301)
Contractual services	-	75,000	(75,000)
Commodities	27,524	30,000	(2,476)
<b>Total public works and transportation</b>	<u>74,223</u>	<u>173,000</u>	<u>(98,777)</u>
<b>Total expenditures</b>	<u>355,819</u>	<u>477,200</u>	<u>(121,381)</u>
<b>Net change in fund balance</b>	32,014	<u>\$ (130,944)</u>	<u>\$ 162,958</u>
<b>Prior year fund balance</b>	<u>649,626</u>		
<b>Current year ending fund balance</b>	<u>\$ 681,640</u>		

\*\* The Village prepares the financial statements on the modified cash basis which is the same basis used for budgetary purposes.

**VILLAGE OF DUNLAP, ILLINOIS**  
**NOTE TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE – MODIFIED CASH**  
**BASIS**  
**ACTUAL AND BUDGET**  
**GENERAL FUND**  
**FOR THE YEAR ENDED APRIL 30, 2013**

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**Note 1. Budgets and Budgetary Accounting**

Budgets for the governmental funds and proprietary funds are prepared on the cash basis and adopted through the annual appropriation ordinance. Expenditures are controlled at the fund level. All appropriations lapse at year-end. The Appropriation Ordinance for the fiscal year ended April 30, 2013, was adopted on June 13, 2012. The Appropriation Ordinance was not amended. The Motor Fuel Tax Fund did not operate under an approved budget during the fiscal year.

The Village follows these procedures in adopting the appropriations ordinance reflected in the schedule:

1. The Village Treasurer and Village Clerk submit to the Village Board a proposed appropriation ordinance for the fiscal year commencing the following May 1. The appropriation ordinance includes proposed expenditures and the means of financing them and must be adopted prior to July 31 of each year.
2. The tentative appropriation ordinance is made available for public inspection for at least thirty days prior to final action thereon.
3. A notice is published in a newspaper serving the Village stating the time and place the tentative appropriation ordinance can be inspected and also the time and place of the public hearing.
4. Public hearings are conducted to obtain taxpayer comments.
5. The tentative appropriation ordinance is then legally enacted through passage of the ordinance.
6. The Village Board is authorized to transfer between line items within any fund; however, any revisions that alter the total expenditures of any fund must be approved by the Village Board after a public hearing.

**VILLAGE OF DUNLAP, ILLINOIS**  
**Schedule of Taxes**  
**April 30, 2013**

	2009 Levy	2010 Levy	2011 Levy	2012 Levy
Total assessed valuation	<u>\$ 32,193,394</u>	<u>\$ 32,365,376</u>	<u>\$ 31,728,337</u>	<u>\$ 33,285,728</u>
Tax levy:				
General corporate	\$ 24,586	\$ 27,436	\$ 27,436	\$ 30,411
Police protection	8,000	8,000	10,900	10,900
Audit	4,450	4,450	4,450	4,450
IMRF	8,000	8,000	8,000	8,000
Social Security	4,900	4,900	4,900	4,900
Workmen's compensation	7,000	7,000	7,000	7,000
Unemployment insurance	<u>180</u>	<u>180</u>	<u>180</u>	<u>180</u>
Total tax levy	<u>\$ 57,116</u>	<u>\$ 59,966</u>	<u>\$ 62,866</u>	<u>\$ 65,841</u>
Tax rates:				
General corporate	.0764	.0848	.0865	.0914
Police protection	.0249	.0247	.0344	.0328
Audit	.0138	.0138	.0140	.0134
IMRF	.0249	.0247	.0252	.0240
Social Security	.0152	.0151	.0155	.0147
Workmen's compensation	.0218	.0216	.0221	.0210
Unemployment insurance	<u>.0006</u>	<u>.0006</u>	<u>.0006</u>	<u>.0006</u>
Total tax rates	<u>.1774</u>	<u>.1853</u>	<u>.1982</u>	<u>.1978</u>
Taxes extended:				
General corporate	\$ 24,586	\$ 27,436	\$ 27,439	\$ 30,413
Police protection	8,000	8,001	10,902	10,901
Audit	4,452	4,450	4,451	4,450
IMRF	8,000	8,001	8,002	8,002
Social Security	4,903	4,900	4,902	4,903
Workmen's compensation	7,002	7,001	7,002	7,000
Unemployment insurance	<u>180</u>	<u>181</u>	<u>181</u>	<u>183</u>
Total taxes extended	<u>\$ 57,123</u>	<u>\$ 59,970</u>	<u>\$ 62,879</u>	<u>\$ 65,852</u>
Net taxes collected	\$ 56,863	\$ 59,907	\$ 62,566	\$ -
Road and bridge tax	<u>16,397</u>	<u>15,274</u>	<u>14,799</u>	<u>-</u>
Total taxes collected	<u>\$ 73,260</u>	<u>\$ 75,181</u>	<u>\$ 77,365</u>	<u>\$ -</u>